

REPORT
OF THE
PRESIDENT AND DIRECTORS
OF THE
MICHIGAN CENTRAL
RAILROAD COMPANY,
TO THE STOCKHOLDERS,
TOGETHER WITH REPORTS
OF THE
GENERAL MANAGER, TREASURER,
AND
SINKING FUND TRUSTEES,

FOR
THE YEAR ENDING DECEMBER 31ST, 1878.



DETROIT :
RICHMOND, BACKUS & CO., PRINTERS AND STATIONERS.
1879.

REPORT
OF THE
PRESIDENT AND DIRECTORS
OF THE
MICHIGAN CENTRAL
RAILROAD COMPANY,
TO THE STOCKHOLDERS,
TOGETHER WITH REPORTS
OF THE
GENERAL MANAGER, TREASURER,
AND
SINKING FUND TRUSTEES,
FOR
THE YEAR ENDING DECEMBER 31ST, 1878.

DETROIT:
RICHMOND, BACKUS & CO., PRINTERS AND STATIONERS.
1879.

DIRECTORS.

WM. H. VANDERBILT,
NEW YORK.

AUGUSTUS SCHELL,
NEW YORK.

CORNELIUS VANDERBILT,
NEW YORK.

SAMUEL F. BARGER,
NEW YORK.

WM. K. VANDERBILT,
NEW YORK.

EDWIN D. WORCESTER,
NEW YORK.

ANSON STAGER,
CHICAGO.

WILLIAM L. SCOTT,
ERIE, PA.

ASHLEY POND, DETROIT.

OFFICERS.

PRESIDENT,

WM. H. VANDERBILT.

GENERAL MANAGER,

HENRY B. LEDYARD.

TREASURER,

CORNELIUS VANDERBILT.

SECRETARY,

EDWIN D. WORCESTER.

REPORT

OF THE

President and Directors.

OFFICE OF THE
MICHIGAN CENTRAL RAILROAD CO., }
NEW YORK, April 10, 1879.

The reports and tables accompanying this show the doings of the year 1878—and attention is invited to the details they contain, for the purpose of a clear understanding of the condition of the company's property and affairs.

The present management took charge in the latter part of June 1878, just at the close of the first half of the fiscal year, and the result of the operations, shown separately for each half is submitted, as follows:

	Half year to end June.	Half year to end December.	TOTAL.
Gross Earnings	\$3,195,061.44	\$3,677,032.59	\$6,872,094.03
Operating Expenses	2,275,752.53	2,091,486.28	4,367,238.81
Net Earnings	\$ 919,308.91	\$1,585,546.31	\$2,504,855.22
From Investments	15,009.75	104,655.15	119,664.90
Net Revenue	\$ 934,318.66	\$1,690,201.46	\$2,624,520.12
Interest and Rentals	809,985.00	805,965.00	1,615,950.00
Balance	\$ 124,333.66	\$ 884,236.46	\$1,008,570.12

It should be stated, in connection with the foregoing, that substitutions of steel rails for iron, and renewals of ties were, necessarily, in the ordinary course of such changes, greater in the first half of the year than in the last half. The following shows the actual amounts in each half.

	FIRST HALF.		LAST HALF.		TOTAL.	
	QUANTITY.	VALUE.	QUANTITY.	VALUE.	QUANTITY.	VALUE.
Tons Steel.	2,480. ⁴⁸⁰	\$107,889.33	1,520. ¹⁵	\$66,120.29	4,000. ⁴⁸⁵	\$174,009.62
No. Ties..	249,935	85,025.36	84,441.	24,569.70	334,376.	109,595.06
		\$192,914.69		\$90,689.99		\$283,604.68

On the other hand the Bridge repairs during the last half were heavier than during the first; having included the replacement in iron of three wooden structures. The other items would not differ much from the quantities fairly chargeable to each half year.

From the balance shown for the whole year there was used,

For Construction.....		\$134,162.92
For Dividend; 2%: June 1. 1878.....	\$374,764.08	
" " 2%: February 1. 1879.....	374,764.08	749,528.16
Making.....		\$883,691.04
And leaving a surplus of.....		124,879.04
		<u>\$1,008,570.12</u>

By reference to the Income Account, accompanying this, it will be seen that an old balance of \$97,840.19 against the Chicago & Michigan Lake Shore Co.—arising out of ordinary business connections and transfers—has been charged off as worthless; that company having undergone a foreclosure and sale. The increase in the Income balance is \$161,201.77; being the amount of the above items of Construction and Surplus, less the item charged off, as stated.

As the surplus appearing above is just about equal to the balance herein shown for the first half of the year, it may be said that the last half in effect paid dividends amounting to 4% besides \$134,000. that was expended on Construction—subject to the rail and tie adjustment which has been referred to.

With a freight movement, about 22. per cent greater than in 1877, the operating expenses were diminished over \$140,000. This reduced the ratio of expenses to earnings about $3\frac{1}{2}$ per cent—and it must be remembered that this ratio would have been much more reduced but for the extremely low rates *received*.

It has been the effort of the present management to bring expenses down to the lowest point consistent with eventual sound economy; and, in view of the low rates that seem now to have permanently obtained, it is by this means largely, if not chiefly that returns on Capital must be hoped to be reached.

The progressive fall in rates during the past fourteen years is shown by the following yearly average (in cents and hundredths) of earnings per ton per mile on freight.

1865.....3.06	1870.....1.98	1875.....1.16
1866.....2.60	1871.....1.61	1876.....1.03
1867.....2.49	1872.....1.56	1877......98
1868.....2.45	1873.....1.56	1878......85
1869.....2.09	1874.....1.30	

As low as the rates were in 1877, their maintenance during 1878, would have added nearly \$750,000. to the net result—and even then the service would have been performed for less than five ninths the rates received in 1873: less than one half of those received in 1870, and less than one third of those in 1866.

Much careful attention has been given to the alliances and connections of the company, with a view to prevent unnecessary rivalry, and to fortify the position and promote the efficiency of the line in its public service—and no small improvement in that direction has been effected.

As the bonds of the company, and those assumed by it become due, a considerable reduction in the rate of interest can be made. Except on its consolidated mortgage bonds, due in 1902, which are at seven per cent, all the bonds issued or assumed bear eight per cent—a rate much too high for a company of our standing. It will be seen, by the accompanying table of Funded Debt, that a considerable amount of the eight per cents will mature during the next five years.

The Sinking Funds (the report of the Trustees of which appears in its usual place) is substantially providing for the charges which will come upon it.

The property of the company has been fully maintained, and is, in all respects, in a first class condition. Such condition and freedom from accidents and delays speak for the carefulness and efficiency of the General Manager and those having the line in charge.

By order of the Board of Directors,

WM. H. VANDERBILT,

President.

[NOTE.] The fiscal year of the company formerly ended with the month of May. In 1877 it was changed so as to end with the month of December—and thus to coincide with the calendar year. The last report was for the seven months June to December 1877; and in the comparisons herein made between 1878 and 1877, the latter year is stated at the figures embraced in the last report, adding thereto those for the five months, January to May 1877, which formed a part of those given in the report preceding the last.

General Manager's Report.

OFFICE GENERAL MANAGER, }
 Detroit, Mich., February 1, 1879. }

WM. H. VANDERBILT, Esq.,
Pres't Mich. Cent. Railroad,
Grand Central Depot,
New York City.

DEAR SIR:—Herewith are submitted statistics showing the business of the Road for the year ending December 31st, 1878.

Length of Road operated same as given in last report.

Main Line, Detroit to Kensington.....	270.00 Miles
Kensington to Chicago, used jointly with I. C. R. R.....	14.00 "
Total Main Line.....	284.00 Miles
Branches, including Air Line.....	519.72 "
Total.....	803.72 Miles

About 4,000 tons of steel for repairs have been laid during the period covered by this report, the entire cost of which is included in operating expenses.

The number of miles now laid with steel is:

Main Line, main track.....	270.00 Miles.
Main Line, second track.....	77.83 "
Air Line.....	103.60 "
Jackson, Lansing and Saginaw Division.....	11.50 "
Grand River Valley Division.....	14.70 "
Joliet Division.....	6.10 "
Total.....	483.73 Miles.

The Main and Air Line are entirely steel.

During the same period Side Tracks have been extended $9\frac{2}{10}$ miles, cost of same being included in Road Repairs.

Details of Track Repairs charged to operating:

Track ties renewed.....	334,376
Track ballasted.....	22.57 Miles.
Fences built.....	34.53 "

Included in Bridge Repairs are the following renewals:

- Wooden Pile Bridge over Silver Brook (on South Bend Division), 60 feet in length, replaced with Stone Culvert.
- Wooden Pile Bridge over Huron river, near Geddes (Main Line) 117 ft. 6 in. in length replaced with through Iron Truss Bridge, Stone Abutments.
- Wooden Bridge over Jackson Street, Jackson (Main Line), 124 feet in length, replaced with an Iron Plate Girder Bridge, 3 spans, Stone Abutments.

Wooden Draw Bridge over Calumet River (Main Line), 178 feet in length, replaced with a through Iron Truss, Double Track Pivot Bridge.

In addition to the above, 26 wooden bridges have been rebuilt, and 2,617 feet of bridges filled, requiring 157,710 cubic yards of earth work.

EQUIPMENT.

The number of Locomotives is the same as given in last report, being 219, of which 167 are coal burners, and 52 wood burners, twenty-two having been built at the company's shops during the past year to take the place of those condemned for service, cost of the same being included in repairs.

The Passenger Car equipment is the same as that given in last report, and has been kept in good repair.

The Freight Car equipment has been increased by purchase of 100 box cars; 247 freight cars of various classes have been built in place of cars condemned for service, and 91 cars of various classes rebuilt.

BUILDING DEPARTMENT.

A new Freight House of brick, 182 x 36 feet, has been built at Ypsilanti. New frost-proof tanks, with steam pumps, etc., have been built at Kensington, Kalamazoo and Vandalia, cost of same being included in working expenses.

CONSTRUCTION.

The following shows the expenditures on this account:

Land at Kensington, 60 acres.....	\$ 18,869 69
Land near Car Shops, Detroit, 50 acres.....	30,000 00
Right of way—leased lines.....	1,629 00
Second track, Galien to Three Oaks (laid with steel), 5 $\frac{3}{10}$ miles.....	38,664 23
One hundred box cars.....	45,000 00
Total.....	\$134,162 92

Sixty acres of land have been purchased at Kensington, the Junction of Illinois Central and Michigan Central Railroads, for freight-yard purposes. The completion of the necessary tracks will greatly relieve our over-crowded condition in Chicago and materially reduce the cost of handling the traffic. Five $\frac{3}{10}$ miles of second track, from Galien to Three Oaks, have been built, thus completing the second track from Niles to Porter.

OPERATION.

Earnings and expenses for the year ending December 31st, 1878, compare as follows with the same period for 1877:

EARNINGS.

	1878	1877	INCREASE.	DECREASE.
From Freight.....	\$4,646,247 91	\$4,387,839 38	\$258,408 53	
“ Passengers.....	1,918,608 96	1,881,581 20	37,027 76	
“ Miscellaneous ..	307,237 16	292,014 53	15,222 63	
Total.....	\$6,872,094 03	\$6,561,435 11	\$310,658 92	

OPERATING EXPENSES.

Excluding Taxes.....	\$4,162,741 42	\$4,205,739 90	.....	\$42,998 48
Taxes	204,497 39	302,742 30	.....	98,244 91
Total.....	4,367,238 81	\$4,508,482 20		\$141 243 39
Net Earnings.....	\$2,504,855 22	\$2,052,952 91	\$451,902 31	

RATIO OF EXPENSES TO EARNINGS.

Excluding Taxes.....	60.57	64.09	.....	3.52
Including Taxes.....	63.55	68.71	.....	5.16

FREIGHT STATISTICS.

	1878	1877	Increase.	Per Ct. of Increase.	Decrease	Per Ct. of Decrease
No. of tons—Local.....	2,033,994	1,690,730	343,264	20.30	.....	.....
No. of tons—Through.....	1,530,737	1,246,840	283,897	22.77	.....	.....
Total tons hauled.....	3,564,731	2,937,570	627,161	21.35	.....	.....
Tons moved one mile.....	548,053,707	446,708,939	101,344,768	22.69	.....	.....
Earnings per ton per mile,	00. ⁹⁴⁸ / ₁₀₀₀	00. ⁹⁹² / ₁₀₀₀	.....	.....	00. ¹³⁴ / ₁₀₀₀	13.65

PASSENGER STATISTICS.

	1878	1877	Increase.	Per Ct. of Increase.	Decrease	Per Ct. of Decrease.
No. Passengers—Local....	1,300,789	1,265,631	35,158	2.78	.....	.....
No. Passengers—Thro'h, } including emigrants.. }	133,148	135,216	.....	.....	2,068	1.53
Total No. Passengers...	1,433,937	1,400,847	33,090	2.36	.....	.....
Total Pass'grs mvd 1 mile,	79,684,072	79,805,454	.....	.....	121,382	0.15
Earn'gs pr pass. pr mile ..	.02 ⁴¹ / ₁₀₀	.02 ³⁶ / ₁₀₀	.00 ⁰⁵ / ₁₀₀	2.12	.....	.....

The freight tonnage of the Road shows a large increase, the *Local* having increased $20\frac{3}{4}$ per cent., and the *Through* $22\frac{7}{8}$ per cent. The local passenger traffic shows an increase, and the through passenger traffic a slight decrease.

While the freight and passenger traffic of the Road have increased, the increase of the former being 627,161 tons, or $21\frac{3}{4}$ per cent., the cost of operating shows a reduction, excluding taxes, of \$42,998.48, the percentage of operating expenses to earnings, showing a decrease of $3\frac{1}{2}$ per cent.

All taxes due at the close of the fiscal year have been paid.

Further details of the operations of the different departments will be found in the accompanying statements.

Respectfully submitted,

H. B. LEDYARD,
General Manager.

Locomotive Department.

MILES RUN BY LOCOMOTIVES, 12 MONTHS ENDING DECEMBER 31st.

	1878.	1877.	Increase.	Decrease	Per Ct.
Passenger.....	1,647,687	1,545,193	102,494	.....	6.6
Freight.....	3,286,138	2,971,217	314,921	.....	10.6
Miscellaneous.....	218,673	245,580	.....	26,907	10.9
Switching.....	1,660,032	1,616,377	43,655	.....	2.7
TOTAL.....	6,812,530	6,378,367	434,163	.....	6.8

EXPENSE MAINTENANCE.

Repairs.....	\$308,741 91	\$294,441 71	\$14,300 20	.....	4.8
Service.....	379,720 10	374,674 33	5,045 77	.....	1.3
Fuel.....	470,242 22	495,085 49	.....	\$24,843 27	5.0
Oil and Waste.....	27,899 07	31,383 65	.....	3,484 58	11.1
TOTAL.....	1,186,603 30	1,195,585 18	.....	\$8,981 88	0.7

COST PER MILE.

Repairs.....	4.53 cts.	4.62 cts.	.....	.09	.....
Service.....	5.58	5.87	.....	.29	.....
Fuel.....	6.90	7.76	.....	.86	.....
Oil and Waste.....	0.40	0.49	.....	.09	.....
TOTAL.....	17.41	18.74	.....	1.33	.....

MILES RUN TO

Ton Coal.....	38.21	35.73	2.48	....	.....
Cord Wood.....	51.03	44.67	6.36	....	.....
Pint Oil.....	12.51	10.98	1.53	....	.....
Average Train Hauled, Passenger.....	4.91	5.06	....	.15	.....
" " " Freight.....	23.67	21.27	2.40	....	.....

PRINCIPAL ITEMS OF RENEWAL.

Engines—Heavy Repairs.....	72	New Tank Frames.....	37
Engines—Built at Shops.....	22	New Cabs.....	28
New Fire Boxes—(Steel).....	13	New Pistons.....	107
New Tires—(Rings).....	128	New Piston Rods.....	103
New Driving Wheels.....	92	New Injectors.....	47
New Axles.....	47	No. Sets Flues reset.....	69
New Truck and Tank Wheels.....	1715	No. Tire Rings turned.....	262
New Truck and Tank Axles.....	186		
New Bell Ringers.....	23	Engines with Air-Brakes.....	63
New Sets Flues.....	27	Engines—Coal Burners.....	167
New Pilots.....	68	Engines—Wood Burners.....	52
New Tanks.....	17		

Car Department.

INVENTORY, DECEMBER 31st, 1878.

	1878.	1877.	Increase.	Decrease.
Inspection Cars.....	1	1	.....	.....
Paymaster Cars.....	1	1	.....	.....
Dining Cars.....	2	2	.....	.....
Passenger Cars—First Class.....	77	77	.....	.....
“ “ Second Class.....	26	27	.....	1
Combination Cars—Passenger and Baggage.....	9	8	1	.....
“ “ Baggage and Mail.....	32	32	.....	.....
Postal Cars.....	3	3	.....	.....
Way Cars.....	129	126	3	.....
Stock Cars—Single Deck.....	266	275	.....	9
“ “ Double Deck.....	176	178	.....	2
Merchandise Cars.....	3187	3077	110	.....
Platform Cars.....	1291	1293	.....	2
Derrick Cars.....	3	3	.....	.....
Pile Driver Cars.....	1	1	.....	.....
TOTAL.....	5204	5104	100	.....
Total Passenger Cars.....	151	151	.....	.....
Total Freight Cars.....	5053	4953	100	.....
	5204	5104	100	.....

PRINCIPAL ITEMS OF RENEWAL.

COACHES—General Repairs, (Varnished or Repainted).....	83
Light Repairs.....	20
BAGGAGE AND POSTAL—General Repairs, (Varnished or Repainted).....	25
Light Repairs.....	6
WAY CARS—Built New.....	3
Rebuilt.....	5— 8
General Repairs.....	22
Light Repairs.....	21
MERCHANDISE CARS—Built New.....	219
Rebuilt.....	38— 257
General Repairs.....	165
Light Repairs.....	362
STOCK CARS—Rebuilt.....	19
General Repairs.....	69
Light Repairs.....	21
PLATFORM CARS—Built New.....	25
Rebuilt.....	29— 54
General Repairs.....	147
Light Repairs.....	377

Track Department.

DETAILS OF TRACK.	No. of Miles	
	Main Track	Side Track.
Main Line—Detroit to Kensington—		
Main Track.....	270.00	
Second Track.....	77.83	347.83
Air Line Division.....	103.60	147.55
Joliet Division.....	45.00	11.52
Grand River Valley Division.....	84.00	10.90
Jackson, Lansing and Saginaw Division.....	236.00	8.46
Kalamazoo and South Haven Division.....	40.00	33.36
Niles and South Bend Division.....	11.12	3.09
TOTAL.....	867.55	1.08
		215.96

Fuel Department.

FUEL CONSUMED, TWELVE MONTHS ENDING DECEMBER 31st.

	1878.	1877.	Increase.	Per Ct. Inc.	Decrease.	Per Ct. Dec.
Amount: { Wood, (Cords).....	54,215½	70,732	.....	.....	16,516½	23.35
{ Coal, (Tons).....	162,650 53	147,419.20	15,231 33	10.33	.....	.....
Cost... { Wood, (per Cord).....	\$2 31½	\$2 43	.....	.....	.11½	4.73
{ Coal, (per Ton).....	2 34	2 58½	.....	.....	.24½	9.08
Total... { Cost of Wood.....	\$125,555 31	\$171,772 01	.....	.....	\$46,216 70	26.90
{ Cost of Coal.....	381,909 07	381,042 25	\$866, 82	00.22	.....	.....
TOTAL COST OF FUEL.....	\$507,464 38	\$552,814 26	.....	.....	\$45,349 88	8.20

Earnings and Expenses.

1877.	EARNINGS.	1878.
\$4,387,839 38	Freight.....	\$4,646,247 91
1,881,581 20	Passengers.....	1,918,608 96
94,220 04	Mail.....	94,220 04
125,013 96	Express.....	123,730 75
72,780 53	Miscellaneous.....	89,286 37
\$6,561,435 11	TOTAL.....	\$6,872,094 03

EXPENSES.

\$656,607 34	Road Repairs.....	\$671,354 41
37,273 44	Bridge Repairs.....	96,672 66
8,596 39	Fence Repairs.....	6,632 20
49,319 10	Building Repairs.....	44,261 06
18,480 42	Water Works Repairs.....	31,860 96
8,670 88	Dock Repairs.....	3,772 66
294,441 71	Locomotive Repairs.....	308,741 91
333,182 61	Car Repairs.....	339,976 06
374,674 33	Locomotive Service.....	379,720 10
404,052 73	Train Service.....	405,408 40
519,784 65	Station Service.....	515,205 39
9,356 28	Water Service.....	9,940 19
170,316 81	General Expenses.....	173,595 54
18,943 95	Legal Expenses.....	17,641 18
9,526 42	Miscellaneous Expenses.....	23,939 97
141,052 74	Foreign Agencies.....	126,442 65
67,533 73	Telegraphing.....	67,568 36
552,814 26	Fuel Consumed.....	507,464 38
30,759 35	Rental.....	28,566 26
63,089 40	Track Rental.....	34,895 10
71,487 32	Oil and Waste.....	65,826 82
27,799 77	Stationery.....	28,357 47
18,650 86	Printing and Advertising.....	16,859 40
22,158 20	Loss and Damage, Freight.....	11,151 53
42,238 85	Loss and Damage, Miscellaneous.....	9,153 14
2,861 62	Stock Killed and Injured.....	2,339 23
11,533 34	Injuries to Persons.....	11,703 06
176,593 63	Car Mileage.....	171,728 20
49,885 86	Commissions.....	47,323 99
14,053 86	Interest.....	4,639 14
\$4,205,739 90	TOTAL.....	\$4,162,741 42
302,742 30	Taxes.....	204,497 39
\$4,508,482 20	TOTAL, including Taxes.....	\$4,367,238 81

PER CENT. OF EXPENSES TO EARNINGS.

68.71	Including Taxes.....	63.55
64.09	Excluding Taxes.....	60.57

Freight Statistics.

	1878.				1877.			
	Tons Moved.	Tons Moved One Mile.	Rate Per Ton Per Mile. Cents.	EARNINGS.	Tons Moved.	Tons Moved One Mile.	Rate Per Ton Per Mile. Cents.	EARNINGS.
EASTWARD—								
Through	1,223,308	352,767,450	0.599	\$1,994,864 59	922,464	250,639,780	0.762	\$1,909,179 87
Local	1,422,491	91,071,647	1.520	1,384,357 23	1,141,347	70,891,152	1.713	1,214,536 11
Total East.....	2,645,799	423,839,097	0.797	3,379,221 82	2,063,811	321,530,932	0.972	3,123,715 98
WESTWARD—								
Through	307,429	85,157,565	0.548	466,642 38	324,376	91,722,000	0.605	554,561 73
Local	611,503	39,057,045	2.049	800,383 71	549,383	33,456,007	2.121	709,561 67
Total West.....	918,932	124,214,610	1.020	1,267,026 09	873,759	125,178,007	1.010	1,264,123 40
TOTAL.....	3,564,731	548,053,707	0.848	\$4,646,247 91	2,937,570	446,708,939	0.982	\$4,387,839 38
Increase.....	627,161	101,344,768	.....	\$258,408 53	.....	.....	.....	.....
Decrease.....	.....	.....	0.134	.....	.....	.....	.....	.....

Passenger Statistics.

		1878.				1877.			
		Passengers Moved.	Passengers Moved One Mile.	Rate Per Pass'gr Per Mile. Cents.	EARNINGS.	Passengers Moved.	Passengers Moved One Mile.	Rate Per Pass'gr Per Mile. Cents.	EARNINGS.
EASTWARD—									
	Through	52,352	14,867,968	2.31	\$342,938 86	55,950	15,889,800	2.08	\$330,403 18
	Local	643,834	20,614,094	2.75	566,181 20	628,571	20,390,532	2.77	564,941 11
	Total East	696,186	35,482,062	2.56	909,120 06	684,521	36,280,332	2.47	895,344 29
WESTWARD—									
	Through	53,509	15,196,556	2.28	346,965 03	58,338	16,567,992	2.10	347,927 86
	Local	656,955	21,255,946	2.74	581,439 02	637,060	21,013,578	2.77	581,253 06
	Emigrant	27,387	7,749,508	1.05	81,084 85	20,928	5,943,552	.96	57,055 99
	Total West	737,751	44,202,010	2.28	1,009,488 90	716,326	43,525,122	2.27	986,236 91
	TOTAL	1,433,937	79,684,072	2.41	\$1,918,608 96	1,400,847	79,805,454	2.36	\$1,881,581 20
	Increase	33,090	.....	.05	\$37,027 76	.....	.....	.....	.....
	Decrease .....	.....	121,382	.....	.....	.....	.....	.....	.....

Funded Debt, Interest, Rents, Etc.

DESCRIPTION.	FUNDED DEBT.			INTEREST.	
	DATE OF ISSUE.	DATE OF MATURITY.	AMOUNT.	RATE.	AMOUNT.
MAIN LINE.					
Mortgage Loan Bonds	Oct... 1, 1857	Oct...1, 1882	437,000 00	8 %	34,960 00
First Sinking Fund Mortgage Bonds....	Oct...1, 1857	Oct...1, 1882	1,074,500 00	8 %	85,960 00
Second Sinking Fund Mortgage Bonds..	Oct...1, 1857	Oct...1, 1882	527,000 00	8 %	42,160 00
Equipment Mortgage Bonds.....	Oct..21, 1874	Apl...1, 1883	556,000 00	8 %	44,480 00
Consolidated Mortgage Bonds.	May..1, 1872	May...1, 1902	8,000,000 00	7 %	560,000 00
Total Main Line.....			10,594,500 00		
LEASED LINES.					
Michigan Central Air Line Mort. Bonds.	Jan...1, 1870	Jan...1, 1890	1,900,000 00	8 %	152,000 00
Michigan Air Line Mort. Bonds.....	Oct..10, 1870	Nov...1, 1890	200,000 00	8 %	16,000 00
Grand River Valley First Mort. Bonds..	Oct...1, 1866	July..1, 1886	1,000,000 00	8 %	80,000 00
Grand River Valley Sec'd Mort. Bonds..	Mch..1, 1869	Sept..1, 1879	500,000 00	8 %	40,000 00
Grand River Valley Rental					24,560 00
Kal. & South Haven First Mort. Bonds..	Nov..1, 1869	Nov...1, 1889	640,000 00	8 %	51,200 00
Kal. & South Haven Sec'd Mort. Bonds.	Nov...1, 1870	Nov...1, 1890	70,000 00	8 %	5,600 00
Jackson, Lan. & Sag. First Mort. Bonds } Less \$82,000, held by Sinking Fund Trustees, on which interest is not paid.....	May..26, 1865	July..1, 1885	1,024,000 00	8 %	81,920 00
Jackson, Lan. & Sag. First Mort. Bonds } Less \$103,000 held by Sinking Fund Trustees, on which interest is not paid.....	Apl...1, 1867	July..1, 1885	68,000 00	8 %	5,440 00
Jack'n, Lan. & Sag. Nor'n Ext'n Bonds } Less \$8,000, held by Sinking Fund Trustees, on which interest is not paid.....	May..2, 1870	May..1, 1890	613,000 00	8 %	49,040 00
Jackson, Lan. & Sag. Consol. Mort. Bonds	Aug..31, 1871	Sept..1, 1891	1,943,000 00	8 %	155,440 00
Jackson, Lan. & Sag. Rental					70,000 00
Jackson, Lan. & Sag. Expenses.....					750 00
Joliet & Northern Indiana Rental.....					89,000 00
Total Leased Lines.....			7,958,000 00		
GUARANTEED BONDS.					
Detroit & Bay City First Mortgage.....	May..1, 1872	May..1, 1902	274,000 00	8 %	21,920 00
Detroit & Bay City First Mortgage.... } Bridge and Branch.....	May..1, 1873	May..1, 1903	150,000 00	8 %	12,000 00
Total Guaranteed.....			424,000 00		
GRAND TOTAL.....			18,976,500 00		1,622,430 00

Funded Debt, Interest, Rents, Etc.

INTEREST AND RENTS PAYABLE.

Jan. 1st.	Jan. 10th.	Mar. 1st.	Apr. 1st.	May 1st.	July 1st.	July 10th.	Sep. 1st.	Oct. 1st.	Nov. 1st.
			17,480 00					17,480 00	
			42,980 00					42,980 00	
			21,080 00					21,080 00	
			22,240 00					22,240 00	
				280,000 00					280,000 00
76,000 00					76,000 00				
				8,000 00					8,000 00
40,000 00					40,000 00				
		20,000 00					20,000 00		
12,280 00					12,280 00				
				25,600 00					25,600 00
				2,800 00					2,800 00
40,960 00					40,960 00				
2,720 00					2,720 00				
				24,520 00					24,520 00
		77,720 00					77,720 00		
		35,000 00					35,000 00		
		375 00					375 00		
	44,500 00					44,500 00			
				10,960 00					10,960 00
				6,000 00					6,000 00
171,960 00	44,500 00	133,095 00	103,780 00	357,880 00	171,960 00	44,500 00	133,095 00	103,780 00	357,880 00

C. VANDERBILT,

Treasurer.

Condensed Balance Sheet.

Construction Account.....	\$28,437,937 67	Capital Stock.....	\$18,738,204 00
Construction Account—Branches.....	4,631,963 33	Bond Accounts:—	
Equipment Bond—Trustees.....	545,245 82	Mortgage Loan.....	\$ 556,000 00
Sundry Securities.....	672,619 11	Of these Bonds the Sinking Fund Trustees have purchased and now hold.....	\$119,000
Sleeping Car Company Stock.....	12,733 34	First Sinking Fund.....	1,508,000 00
Detroit and Bay City Railroad.....	289,271 78	Of these Bonds the Sinking Fund Trustees have purchased and now hold.....	\$433,500
Material Account.....	220,061 61	Second Sinking Fund.....	671,000 00
Bills Receivable	58,940 44	Of these Bonds the Sinking Fund Trustees have purchased and now hold.....	\$144,000
Uncollected Earnings.....	85,968 67	Equipment.....	556,000 00
Cash.....	187,530 49	Air Line.....	1,900,000 00
		Consolidated.....	8,000,000 00
			—————\$13,191,000 00
		Income Account.....	3,192,107 69
		Miscellaneous Accounts.....	20,960 57
			—————
	\$35,142,272 26		\$35,142,272 26

C. VANDERBILT,
Treasurer.

Income Account.

1878.	1878.	
Dec. 31.	Jan. 1 ..	Balance from previous year..... \$3,030,905 92
Operating Expenses.....	Dec. 31.	Freight Earnings....\$4,646,247 91
Interest—Main Line.....		Passenger Earnings.. 1,918,608 96
Interest—Leased Lines.....		Mail Earnings..... 94,220 04
Rental—Leased Lines.....		Express Earnings... 123,730 75
Dividend of 2 ¢ paid June 1, 1878...		Miscel. Earnings.... 89,286 37
Dividend of 2 ¢ paid Feb. 1, 1879 ..		————— 6,872,094 03
Chicago & Michigan Lake Shore		Interest and Dividends from In-
Railroad old account—worthless..		vestments 119,664 90
Balance....		————— \$10,022,664 85

C. VANDERBILT,

Treasurer.

REPORT

OF THE

Sinking Fund Trustees.

The Trustees appointed under the Trust Mortgage Deed of the Michigan Central Railroad Company to John M. Forbes, Nathaniel Thayer, and H. H. Hunnewell, Trustees, under date of September 29, 1857, report:

That the standing of the Sinking Funds entrusted to them was, on the 31st day of December, 1878, as follows:

To the credit of the First Sinking Fund, viz.:

BONDS AT PAR.

Michigan Central Railroad Company.....	\$525,500 00
Joliet and Northern Indiana Railroad Company	105,000 00
Burlington and Missouri River Railroad Company.....	191,000 00
Missouri River, Ft. Scott and Gulf Railroad Company, now represented by receipt of Chas. Merriam, agent of Trustees, given on surrender of these bonds under agreement, and for which new securities will be given.....	5,000 00
Jackson, Lansing and Saginaw Railroad Company.....	140,000 00
Carthage and Burlington Railroad Company.....	22,500 00
Dixon, Peoria and Hannibal Railroad Company.....	13,000 00
Fort Wayne, Jackson and Saginaw Railroad Company.....	25,000 00
Ionia and Lansing Railroad Company.....	17,000 00
Chicago and Michigan Lake Shore Railroad Company, now represented by receipt of Chas. Merriam, agent of Trustees, given on surrender of these bonds under agreement and for which new securities will be given	146,000 00
Detroit, Hillsdale and Indiana Railroad Company (Scrip).....	140 00
Chicago, Burlington and Quincy Railroad Company.....	40,500 00
Detroit, Lansing and Northern Railroad Company.....	13,000 00
United States.....	166,300 00

STOCK AT PAR.

Michigan Central Railroad Company.....	10,100 00
Detroit, Lansing and Northern Railroad Company.....	17,100 00
Detroit, Hillsdale and South Western Railroad Company.....	7,000 00
Detroit, Lansing and Northern Railroad Company (Scrip).....	60 00

CASH.

Old Boston National Bank.....	2,235 82
Total	<u>\$1,446,435 82</u>

And to the credit of the Second Sinking Fund, viz.:

BONDS AT PAR.

Michigan Central Railroad Company.....	\$171,000 00
Joliet and Northern Indiana Railroad Company.....	32,000 00
Burlington and Missouri River Railroad Company.....	63,000 00

Missouri River, Ft. Scott and Gulf Railroad Company, now represented by receipt of Chas. Merriam, agent of Trustees, given on surrender of these bonds under agreement and for which new securities will be given.....	15,000 00
Jackson, Lansing and Saginaw Railroad Company.....	56,000 00
Carthage and Burlington Railroad Company.....	3,000 00
Ionia and Lansing Railroad Company.....	4,000 00
Detroit, Lansing and Northern Railroad Company.....	2,000 00
Chicago and Michigan Lake Shore Railroad Company, now represented by receipt of Chas. Merriam, agent of Trustees, given on surrender of these bonds under agreement and for which new securities will be given.....	31,000 00
Detroit, Hillsdale and South Western Railroad Company (Scrip).....	100 00
Chicago, Burlington and Quincy Railroad Company.....	12,500 00
United States.....	59,000 00

STOCK AT PAR.

Michigan Central Railroad Company.....	3,200 00
Joliet and Northern Indiana Railroad Company.....	1,000 00
Detroit, Hillsdale and South Western Railroad Company.....	5,000 00
Detroit, Lansing and Northern Railroad Company.....	2,600 00
Detroit, Lansing and Northern Railroad Company (Scrip).....	40 00

CASH.

Old Boston National Bank.....	1,288 74	
Total.....		<u>\$461,728 74</u>

The accounts for the year ending December 31st, 1878, are as follows:

Michigan Central Railroad First Sinking Fund,

IN ACCOUNT WITH THE TRUSTEES.

1877.		
Dec. 31.	Cash in Old Boston National Bank.....	\$1,143 96
1878.		
Jan. 2.	Received 6 months interest on \$13,000 Dixon, Peoria and Hannibal Railroad Bonds.....	520 00
" 2.	Received 6 months interest on \$40,500 Chicago, Burlington and Quincy Railroad Bonds.....	1,417 50
" 2.	Received 6 months interest on \$17,000 Ionia and Lansing Railroad Bonds.....	680 00
" 2.	Received 6 months interest on \$13,000 Detroit, Lansing and Northern Railroad Bonds.....	455 00
" 2.	Received 6 months interest on \$78,300 U. S. Bonds, \$2,349 gold at 102 3/4.....	2,413 59
" 2.	Received one-half of 6 months interest due Jan., 1875, on \$5,000 Missouri River, Ft. Scott and Gulf Railroad Bonds.....	125 00
" 3.	Received 6 months interest on \$140,000 Jackson, Lansing and Saginaw Railroad Bonds.....	5,600 00
" 4.	Received balance of interest due Jan., 1877, on \$25,000 Ft. Wayne, Jackson and Saginaw Railroad Bonds.....	250 00
Feb. 26.	Received dividend on 171 shares Detroit, Lansing and Northern Railroad Stock.....	342 00
March 1.	Received 3 months interest on \$75,500 U. S. Bonds, \$849.37 gold at 101 13-16.....	864 75
April 3.	Received 6 months interest on \$191,000 Burlington and Missouri River Railroad Bonds.....	6,685 00
June 3.	Received 6 months interest due May 1 on \$22,500 Carthage and Burlington Railroad Bonds.....	900 00
" 3.	Received 6 months interest on \$9,000 Jackson, Lansing and Saginaw Railroad Bonds.....	360 00

June	3.	Received 3 months interest on \$75,500 U. S. Bonds, \$849.38 gold at 100%.....	854 68
"	21.	Received dividend on 101 shares Michigan Central Railroad Stock.....	202 00
July	3.	Received one year's interest on Detroit, Hillsdale and South Western Railroad Scrip for \$140.....	11 20
"	3.	Received 6 months interest on \$40,500 Chicago, Burlington and Quincy Railroad Bonds.....	1,417 50
"	3.	Received 6 months interest on \$13,000 Dixon, Peoria and Hannibal Railroad Bonds.....	520 00
"	3.	Received 6 months interest on \$78,300 U. S. Bonds, \$2,349 gold at 100%.....	2,363 68
"	3.	Received 6 months interest on \$13,000 Detroit, Lansing and Northern Railroad Bonds.....	455 00
"	3.	Received 6 months interest on \$17,000 Ionia and Lansing Railroad Bonds.....	680 00
"	3.	Received 6 months interest on \$131,000 Jackson, Lansing and Saginaw Railroad Bonds.....	5,240 00
Sept.	6.	Received 3 months interest on \$88,000 U. S. Bonds, \$990 gold at 100%.....	992 48
Oct.	5.	Received 6 months interest on \$191,000 Burlington and Missouri River Railroad Bonds.....	6,685 00
Dec.	4.	Received 6 months interest due Nov. 1st on \$22,500 Carthage and Burlington Railroad Bonds.....	900 00
"	4.	Received 6 months interest due Nov. 1st on \$9,000 Jackson, Lansing and Saginaw Railroad Bonds.....	360 00
"	4.	Received 3 months interest on \$88,000 U. S. Bonds, \$990 gold at 100 3-16.....	991 86
"	4.	Received part interest due July 1, 1877, on \$25,000 Fort Wayne, Jackson and Saginaw Railroad Bonds.....	300 00
"	4.	Received 6 months interest on new Bonds to be issued for \$5,000 Missouri River, Ft. Scott and Gulf Railroad Bonds surrendered to Chas. Merriam.....	140 00
			<u>\$43,870 20</u>
1878.			
Jan.	2.	Paid for use of safe in Union Deposit vaults 1 year in advance..\$	50 00
"	14.	" Cost of \$12,000 in U. S. 4½ per cent. Bonds.....	12,465 00
March	2.	" Proportion of compensation to J. H. Goodspeed for examination, count and report upon securities held by Trustees.....	30 00
April	12.	" Cost of \$7,000 in Mich. Cent. Sinking Fund Bonds.....	7,700 00
July	18.	" Cost of \$12,500 in U. S. 4½ per cent. Bonds.....	13,070 31
Oct.	18.	" Cost of \$7,000 in Mich. Cent. Sinking Fund Bonds.....	7,675 00
Dec	31.	" Commission 1 per cent. on purchases.....	409 10
"	31.	" Clerk hire, \$150; advertising for proposals, \$78.82.....	228 82
"	31.	" Express on coupons to New York for collection, postage, etc.....	6 15
"	31.	Cash in Old Boston National Bank.....	2,235 82
			<u>\$43,870 20</u>

Michigan Central Railroad Second Sinking Fund.

IN ACCOUNT WITH THE TRUSTEES.

1877.			
Dec.	31.	Cash in Old Boston National Bank.....	\$ 345 29
1878.			
Jan.	2.	Received 6 months interest on \$12,500 Chicago, Burlington and Quincy Railroad Bonds.....	437 50
"	2.	Received 6 months interest on \$4,000 Ionia and Lansing Railroad Bonds.....	160 00
"	2.	Received 6 months interest on \$2,000 Detroit, Lansing and Northern Railroad Bonds.....	70 00
"	2.	Received 6 months interest on \$29,000 U. S. Bonds, \$870 gold at 102%.....	893 93

Jan.	2.	Received one-half of 6 months interest due Jan., 1875, on \$15,000 Missouri River, Ft. Scott and Gulf Railroad Bonds.....	375 00
"	3.	Received 6 months interest on \$56,000 Jackson, Lansing and Saginaw Railroad Bonds.....	2,240 00
Feb.	26.	Received dividend on 26 shares Detroit, Lansing and Northern Railroad Stock.....	52 00
March	1.	Received 3 months interest on \$26,000 U. S. Bonds, 4½ per cent., gold at 101 13-16.....	297 79
April	3.	Received 6 months interest on \$63,000 Burlington and Missouri River Railroad Bonds.....	2,205 00
June	3.	Received 6 months interest due May 1 on \$3,000 Carthage and Burlington Railroad Bonds.....	120 00
"	3.	Received 6 months interest due May 1 on \$2,000 Jackson, Lansing and Saginaw Railroad Bonds.....	80 00
"	3.	Received 3 months interest on \$26,000 U. S. Bonds, \$392.50 gold at 100%.....	294 32
"	21.	Received dividend on 32 shares Michigan Central Railroad Stock.....	64 00
July	3.	Received 1 year's interest on Detroit, Hillsdale and South Western Railroad Scrip for \$100.....	8 00
"	3.	Received 6 months interest on \$12,500 Chicago, Burlington and Quincy Railroad Bonds.....	437 50
"	3.	Received 6 months interest on \$29,000 U. S. Bonds, \$870 gold at 100%.....	875 44
"	3.	Received 6 months interest on \$2,000 Detroit, Lansing and Northern Railroad Bonds.....	70 00
"	3.	Received 6 months interest on \$4,000 Ionia and Lansing Railroad Bonds.....	160 00
"	3.	Received 6 months interest on \$54,000 Jackson, Lansing and Saginaw Railroad Bonds.....	2,160 00
Sept.	6.	Received 3 months interest on \$30,000 U. S. Bonds, \$337.50 gold at 100½.....	338 34
Oct.	5.	Received 6 months interest on \$63,000 Burlington and Missouri River Railroad Bonds.....	2,205 00
Dec.	4.	Received 6 months interest due Nov. 1 on \$3,000 Carthage and Burlington Railroad Bonds.....	120 00
"	4.	Received 6 months interest due Nov. 1 on \$2,000 Jackson, Lansing and Saginaw Railroad Bonds.....	80 00
"	4.	Received 3 months interest on \$30,000 U. S. Bonds, \$337.50 gold at 100 3-16.....	338 14
"	4.	Received 6 months interest on new bonds to be issued for \$15,000 Missouri River, Ft. Scott and Gulf Railroad Bonds surrendered to Chas. Merriam.....	420 00
			<hr/> \$14,847 25
1878.			
Jan.	14.	Paid Cost of \$4,000 in U. S. 4½ per cent. Bonds.....	\$4,155 00
Feb.	1.	" For use of safe in Union Deposit vaults 1 year in advance.....	50 00
March	2.	" Proportion of compensation to J. H. Goodspeed for examination, count and report upon securities held by Trustees.....	10 00
April	12.	" Cost of \$2,500 in Mich. Cent. Sinking Fund Bonds.....	2,750 00
July	18.	" Cost of \$4,000 in U. S. 4½ per cent. Bonds.....	4,182 50
Oct.	18.	" Cost of \$2,000 in Mich. Cent. Sinking Fund Bonds.....	2,200 00
Dec.	31.	" Commission 1 per cent. on purchases.....	132 88
"	31.	" Clerk hire, \$50; advertising for proposals. \$25.38.....	75 38
"	31.	" Express on coupons to New York for collection and postage.....	2 75
"	31.	Cash in Old Boston National Bank.....	1,288 74
			<hr/> \$14,847 25

E. & O. E.

H. H. HUNNEWELL,	} Trustees.
N. THAYER,	
W. H. FORBES,	

BOSTON, December 31, 1878.

